

A U S T I N C I T Y C O U N C I L
AGENDA



Thursday, June 22, 2006

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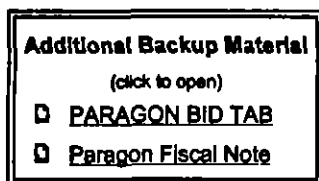
#41

**Purchasing Service Agreement
RECOMMENDATION FOR COUNCIL ACTION**

Subject: Authorize award and execution of a contract with PARAGON AIRHEATER TECHNOLOGIES, Corona, CA, for the purchase of air pre-heater baskets on Decker Unit #1 boiler in an amount not to exceed \$363,602.64.

Amount and Source of Funding: Funding in the amount of \$363,602.64 is available in Fiscal Year 2005-2006 Approved Capital Budget of Austin Energy.

Fiscal Note: A fiscal note is attached.



For More Information: Martha L. Gaines, Buyer II/322-6583
Purchasing Language: Low bid meeting specification of two bids received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9D of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This contract is for intermediate and hot end baskets that are on the air pre-heaters on Decker unit #1. An air pre-heater is a heat exchanger which uses exhaust gas to heat up combustion air from the Forced Draft Fans before it enters the furnace. The preheating of combustion air makes the boiler more efficient because it takes less fuel to heat the furnace.

The hot end and intermediate layer of baskets are deteriorating. We are also removing large quantities of rust from the boiler which is coming from the air pre-heater baskets. The primary cause of the deterioration is corrosion resulting from moisture in the boiler exhaust gas. These are the original baskets which went into service in 1968. The new baskets will be made from upgraded steel which will stand up better to the environment.

MBE/WBE solicited: 1/1 MBE/WBE responded: 0/0

PRICE ANALYSIS

- a. Adequate competition.
- b. Eleven notices were sent, including one MBE and one WBE. Four solicitations were issued. Two bids were received. The MBE and WBE did not respond.
- c. These are the original baskets that were installed when the plant was built in 1968; therefore there is no recent pricing history available.

APPROVAL JUSTIFICATION

- a. Low bid meeting specification.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.

**CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION
VENDOR NAME:**

**AGENDA DATE:
PAGE 1 OF 1**

**BID TABULATION
Air Pre-heater Baskets, 2 each
IFB No. MG06100008**

<u>Vendor</u>	<u>Total</u>
Alstom Power, Incorporated Wellsville, NY	*\$105,400
Paragon Airheater Technologies Corona, CA	\$363,602.64

***Alstom did not bid complete baskets, per a letter of clarification from the company. Bid specified complete baskets.**

Bid tabulation is on file in the Purchasing Office.

CIP BUDGET
Fiscal Note

DATE OF COUNCIL CONSIDERATION:

6/22/2006

WHERE ON AGENDA:

Resolution

DEPARTMENT:

Austin Energy

SUBJECT: Authorize award and execution of a contract with PARAGON AIRHEATER TECHNOLOGIES, Corona, CA, for the purchase of air pre-heater baskets on Decker Unit #1 boiler in an amount not to exceed \$363,602.64.

FINANCIAL INFORMATION:

Parent Project Name: **Power Production**
Project Authorization: 2005-2006 Amended Capital Budget

Current Appropriation	\$ 346,172,850.00	
Unencumbered Balance		\$ 20,261,315.26
Amount of This Action		<u>(363,602.64)</u>
Remaining Balance		<u>\$ 19,897,712.62</u>

Use of Remaining Balance:

Remaining funds will be used for design, construction, equipment, and material acquisition to complete the project.

Use of Any Remaining Funds After Completion of Project:

No remaining funds anticipated at this time.

Director, Planning & Budget Signature: J.E. Pokorny Date: 6/7/2006